1986 - 1987 ANNUAL REPORT

British Columbia Cataloguing in Publication Data

BC Transit.
Annual Report. -- 1982/1983 --

Continues: British Columbia. Urban Transit Authority. Annual Report.
Report year ends Mar. 31
ISSN 0825-8252 = Annual report - BC Transit

1. BC Transit - Periodical. 2 Local transit - British Columbia - Periodicals.

HE4508.B7B32 354.711008'84

Cover photo: Neil R. McLeod

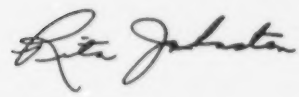
LETTERS OF TRANSMITTAL

Lieutenant-Governor in Council

Sir:

It is my privilege to forward to you the 1986-87 financial statements and annual report of BC Transit.

Yours sincerely,



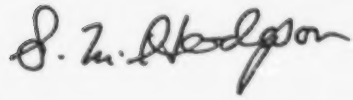
Rita M. Johnston
Minister Responsible

The Honorable Rita M. Johnston
Minister of Municipal Affairs
Province of British Columbia
Victoria, B.C.

Madam:

I have the honor to transmit the 1986-87 annual report of BC Transit.

Yours sincerely,



Stuart M. Hodgson
Chairman

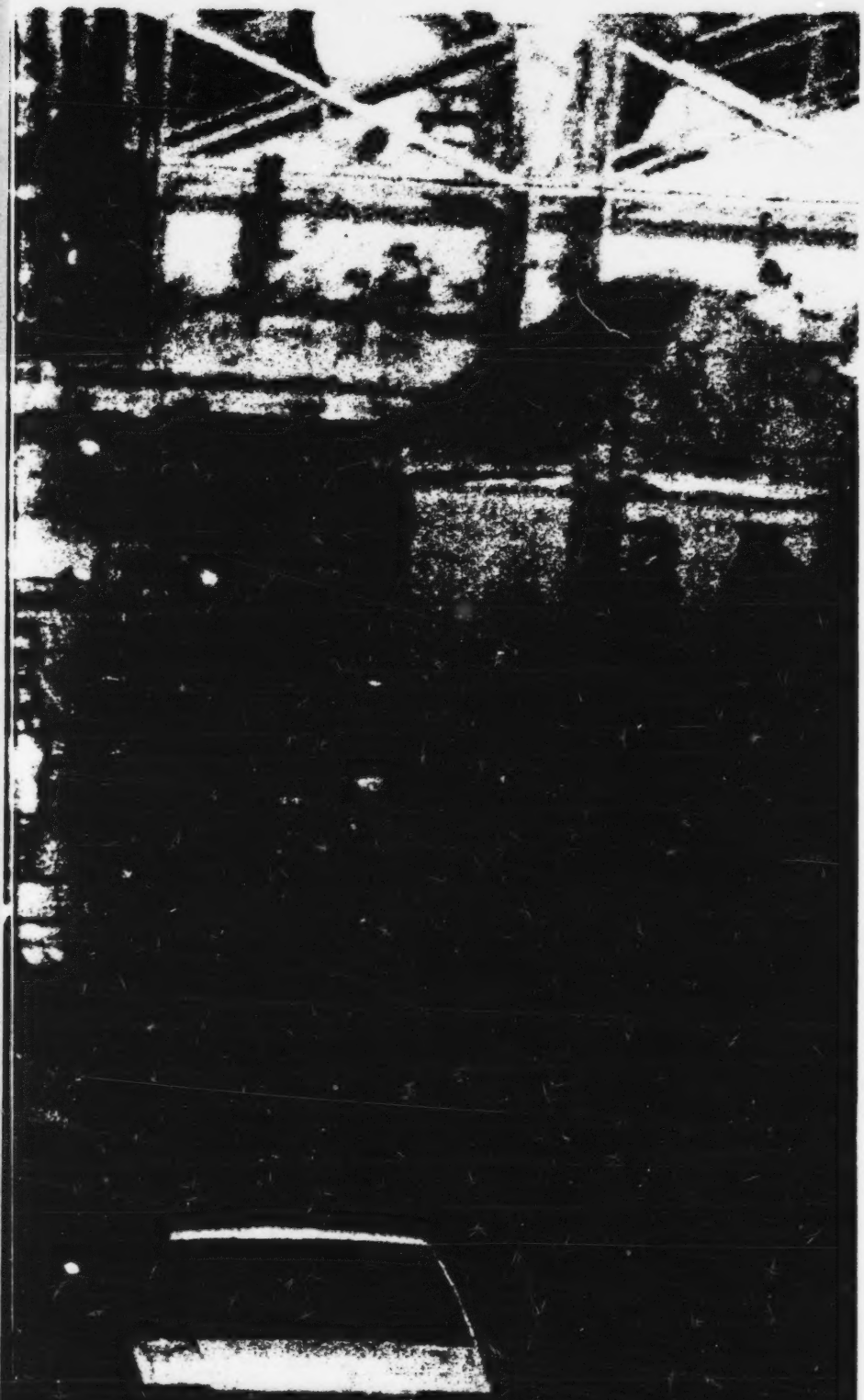


TABLE OF CONTENTS

CORPORATE PROFILE 5
CHAIRMAN'S REPORT 6
THE VANCOUVER REGIONAL TRANSIT SYSTEM
Changing the Face of Transit 7
Integrated Transit System 10
Ridership: A Word of Explanation 11
Bus Transit 12
Major Centres Opened 13
SeaBus Transit 14
SkyTrain Transit 15
handyDART: Service for the Disabled 17
Safest Year in History 18
THE VICTORIA REGIONAL TRANSIT SYSTEM
Image & Ridership Continue to Improve 20
The Key Word is Safety 21
Service Expanded for the Disabled 21
THE SMALL COMMUNITY SYSTEMS PROGRAM
Year Marked 10th Birthdays & Expanded Services 22
BC TRANSIT AT EXPO
A Kaleidoscope of Memories 25
Special Visitors 29
PROGRAMS 30
FLEET 31
FINANCE 32
BRITISH COLUMBIA TRANSIT AUDITED CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 1987
Auditors' Report 33
Consolidated Balance Sheet 34
Consolidated Statement of Revenue and Expenditures and Accumulated Net Revenue 36
Consolidated Statement of Contributed Surplus 37
Consolidated Statement of Changes in Financial Position 38
Statement of Changes in Regional Transit Funds 39
Notes to Consolidated Financial Statements 40

During Expo 86, the Vancouver Regional Transit System provided some 15 million extra rides and operated for 115,000 additional hours. BC Transit moved a greater percentage of Expo visitors than any other transit system ever to serve a world exposition.

BOARD OF DIRECTORS

Stuart M. Hodgson
Chairman, BC Transit

Mayor William Lewarne
District of Burnaby

Alderman Frank Carson
City of Victoria

Mayor Elmer Mercier
City of Prince George

Ronald Granholm
Vancouver

Mayor Charles Lakes
City of Trail

Mayor Derrick Humphreys
District of West Vancouver

Alderman May Brown
City of Vancouver

E.H. Alan Emery, Q.C.
Victoria

VANCOUVER REGIONAL TRANSIT COMMISSION

Mayor William A. Lewarne
Chairman
District of Burnaby

Mayor Gil J. Blair
District of Richmond

Mayor Gordon Campbell
City of Vancouver

Mayor Jack E. Loucks
City of North Vancouver

Alderman Philip Owen
City of Vancouver

Mayor Don A. Ross
District of Surrey

Mayor Len M. Traboulay
City of Port Coquitlam

VICTORIA REGIONAL TRANSIT COMMISSION

Alderman Frank S. Carson
Chairman
City of Victoria

Alderman Vicki Kuhl
District of Saanich

Mayor Howard Sturrock
District of Saanich

Mayor Ken Hill
District of Esquimalt

Director Ray Nestman
District of Sooke

Mayor Gretchen Brewin
City of Victoria

Mayor Norma Sealey
Town of Sidney

EXECUTIVE STAFF

Stuart M. Hodgson
Chairman and Chief Executive Officer

J. Allan Williams
Corporate Counsel

Robert Lingwood
Corporate Secretary

Mike O'Connor
Senior Vice President, Operations

Vic Sharman
Senior Vice President, Corporate Services

Ken Mawdsley
Vice President, Victoria and Small Community Systems

TRANSIT IN ACTION

British Columbia Transit is a Crown corporation that serves more than 2.1 million people throughout British Columbia. The corporation's 27 conventional transit systems, in Greater Vancouver, Greater Victoria and 25 communities across the province, carry 115 million people annually.

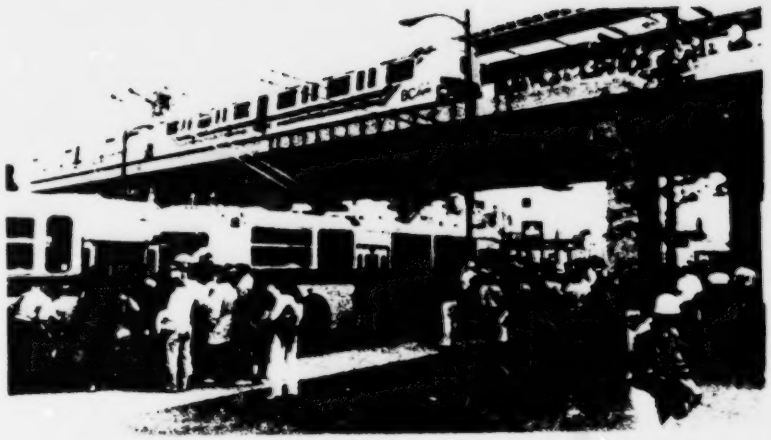
The provincial fleet consists of 849 conventional diesel buses and 245 electric trolley buses, 139 handyDART vehicles, 12 Paratransit vehicles, two SeaBus ferries and 114 rapid transit cars.

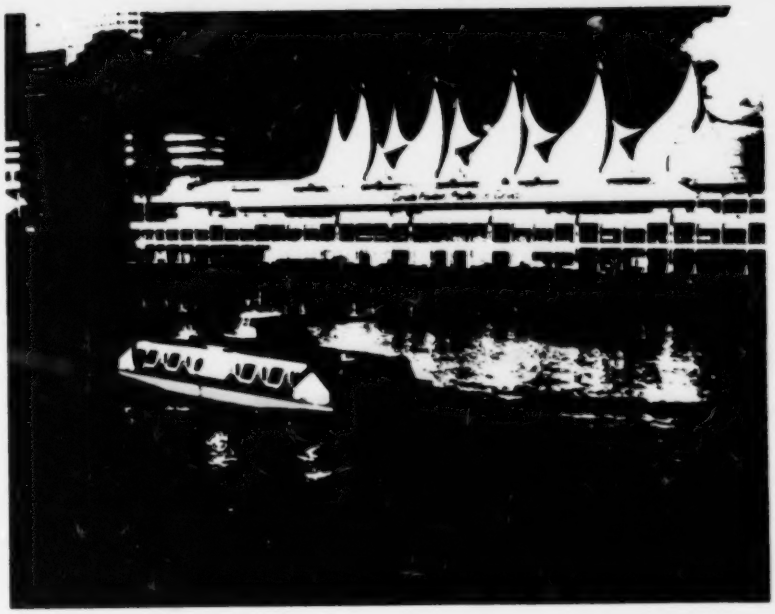
BC Transit operates with a total budget of $352.4 million. Costs are shared by the province, local government and transit passengers.

It is a cooperative partnership, combining centralized planning, marketing and financial services, with a strong component of local decision-making.

In Greater Vancouver and Greater Victoria, for example, transit commissions comprising elected representatives from member municipalities decide on local matters including: setting fares, determining new routes and levels of service, and raising the local share of transit costs through taxation.

In smaller communities, municipal councils and regional district boards provide similar services.





Opportunities for private sector participation are extensive.

The following pages provide highlights, information and testimony to the year 1986-87.

Top: At the Main Street SkyTrain station, May of 1986. Above: During Expo 86, SeaBus ridership rose from 80,000- to 150,000 per week. Thousands of people chose to ride SeaBus to Canada Place (background) which housed the Canada Pavilion during the world exposition.

A SPECTACULAR YEAR OF CHALLENGE & PERFORMANCE

It was the year when the world came to British Columbia's door. Visitors came by the millions and made the world exposition, Expo 86, one of the showcase spectaculars of the century.

BC Transit played a key role in that success. Buses, SkyTrain and SeaBus were responsible for carrying an impressive 35 per cent of Expo visitors — a feat unimaginable before it happened.

This annual report recounts the year 1986-87 with its various challenges — transporting millions of Expo visitors with only the existing bus and trolley fleet, working with a brand new rapid transit system, plus putting into service with maximum effectiveness and ease a unique and ambitious integrated transit system involving road, rail and water.

There was more to the year than that, much more. This report highlights those activities, not only in Greater Vancouver, but in Victoria and the Small Community systems across British Columbia.

This publication, first and foremost, is an annual report but it's also a tribute to the men and women in the transit services who faced the challenges of the year and gave a performance that ranks second to none.

Stuart Hodgson,
Chairman,
and Chief Executive Officer

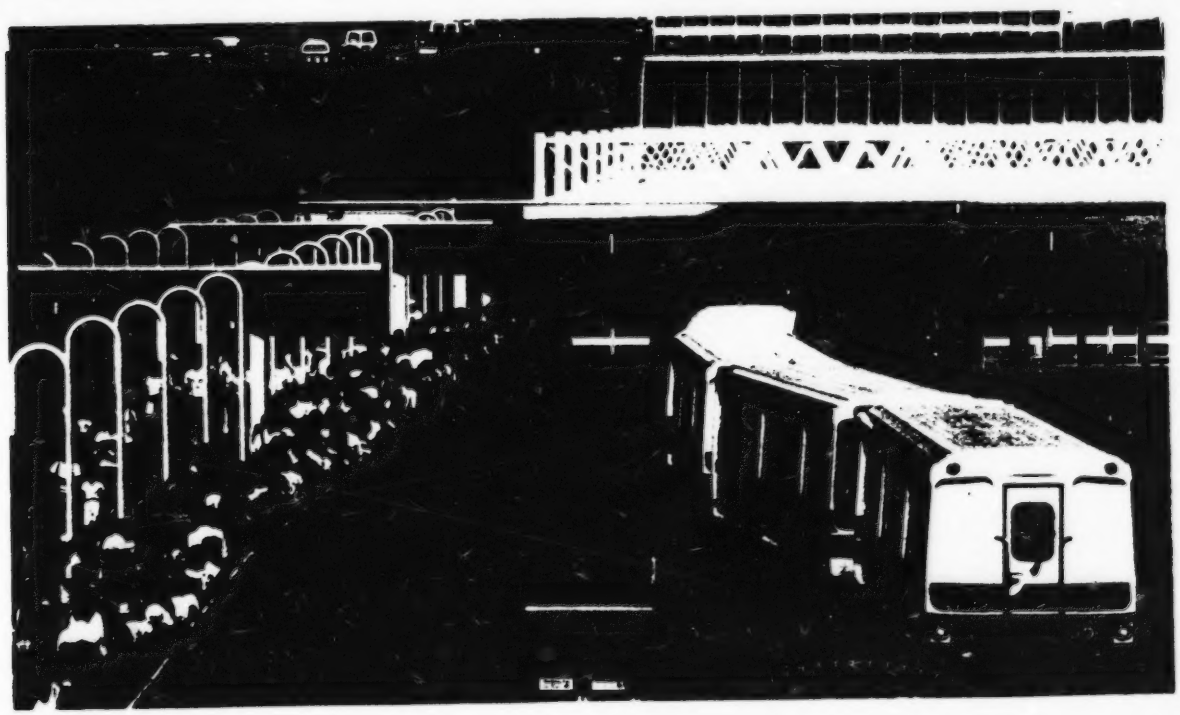
THE VANCOUVER REGIONAL TRANSIT SYSTEM

CHANGING THE FACE OF TRANSIT

The Vancouver Regional Transit System faced three unique challenges in the year under review: Servicing millions of visitors to Expo 86; working with a fledgling rapid transit system; and implementing a far-reaching, ambitious, integrated transit system that involved changing the travel habits of thousands of commuters.

The Vancouver Regional Transit System, through a well-designed, integrated system involving buses, SkyTrain and SeaBus, carried 116 million revenue passengers in the 1986-87 year — the highest total in recent years. The total number of boardings in the year was 196 million system wide, and 203 million including the special Expo Shuttle service. (For an explanation of the term "boardings," please turn to page 11.)

Each resident of the Vancouver Transit Region rides the bus an average of 83 times a year.



Lining up for the Expo Shuttle, the two four-car SkyTrains that carried 6.6 million riders between Stadium Station and Canada Place during the five months of Expo 86.

VANCOUVER

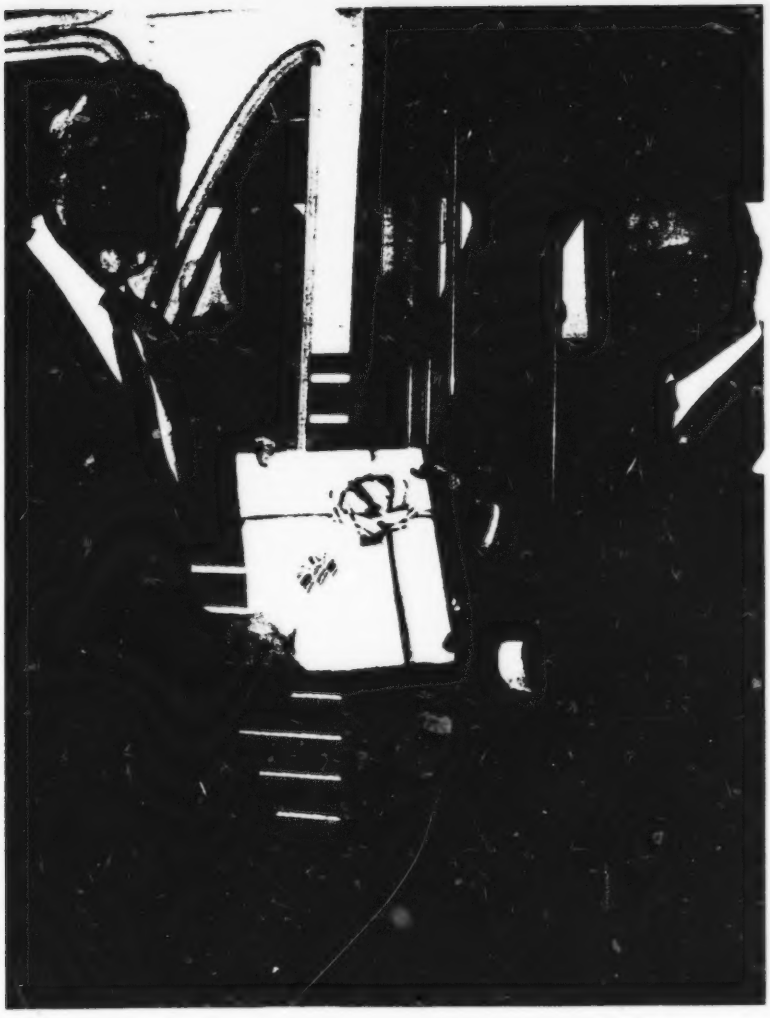
Clockwise from left: Susan Allen (right), BC Transit's occupational health nurse, pedals for a fitness appraisal offered by Heather Haggis (left), a fitness consultant for BC Transit's Transfit program; SkyTrain's Stadium Station; in December, 1986, Rick Hansen's Christmas Spirit Bus invited riders to "Fill the Farebox for Rick." All fares collected were donated to the Rick Hansen Man-in-Motion Fund. Pictured, from left to right, are The Honorable Rita M. Johnston, minister responsible for transit, Colin Kelly, president of the Independent Canadian Transit Union, Local 1, Santa Claus (and former operator), Max Meyer, Bernice Gabriel and operator, Bill Gabriel.

During the five months of Expo 86 in Vancouver, the regional transit system carried 400,000 riders a day, up 100,000 a day from normal service, all without any expansion to the bus fleet.

Many of the 1,765 drivers — or "operators" as they are called — worked long hours to maintain services to and from Expo, and many operated crush-loaded buses at midnight and even into the early hours of the mornings. Operators became instant information centres for visitors.

Prior to Expo, most drivers took SuperHost training and found it very useful when dealing with people. SuperHost, a program launched by Tourism BC and implemented at BC Transit by the Corporate Development Department, was a basic, common-sense program about courtesy, friendliness and professionalism, mixed in with hard facts about Expo and individual services, such as transit.

As part of a system to encourage Expo visitors to leave their cars in the suburbs, three new Park & Ride facilities with access to regular buses and special shuttle service to SkyTrain, were built and put into



Left: The Honorable Claude Richmond, then-minister of tourism and minister responsible for Expo 86, presents operator, Bob Axton, with a SuperHost award, April 15, 1986. The award was presented after a SuperHost official, who had been riding the bus a month earlier, overheard Axton telling passengers about the SuperHost program and how important he thought it was that visitors be welcomed enthusiastically. Above: SeaBus marine attendant, Eva Montgomerie — in the attendant's station.

service. With two in Coquitlam and one in Surrey, the three had a total capacity for 2,500 vehicles.

Expo transportation experts, drawing on experience from other world expositions, had predicted the transit system would carry some ll per cent of Expo visitors. It turned out that 35 per cent chose to go to Expo on buses, SeaBus and SkyTrain. The marketing slogan was: "BC Transit goes to Expo." It did.

To ensure the corporation will be prepared to meet future challenges with the same excellence it demonstrated throughout Expo 86, an ambitious program designed to reinforce supervisory management skills was inaugurated at BC Transit in January of 1987. First-line (senior) transit supervisors in Vancouver and Victoria started a year-long series of seminars targeting the development of management and leadership skills. The program was purchased from the Canadian Urban Transit Association by BC Transit's Corporate Development Department. Also during Expo, the corporation hired and trained an additional 144 drivers to boost transit resources.

INTEGRATED TRANSIT SYSTEM

Above: Operator, Val Stein (left), and transit supervisor, Patrick Lam, at SeaBus' north terminal. Right: SkyTrain's Broadway Station.

Apart from Expo 86, the most challenging task facing the Vancouver Regional Transit Commission, BC Transit management and staff, was the introduction of a comprehensive integrated transit system, involving totally coordinated services and schedules and an integrated fare system.

SkyTrain, the 21.4-kilometre automated rapid transit system, linking downtown Vancouver, Burnaby and New Westminster, came into revenue service on January 3, 1986. In conjunction with this, the Commission and the corporation embarked on an ambitious reorganization and general improvement of some 70 bus routes throughout the Vancouver Regional Transit System. Buses, SeaBus and SkyTrain would form a vast, integrated network.

Changes came about through the Bus-SkyTrain Integration Program which featured a gradual integration in phases spaced over a year and a half. New and improved services were introduced in most of the major suburban regions.

The integrated transit concept was that SkyTrain, linking New Westminster, Burnaby, East Vancouver and downtown Vancouver, would form the principal corridor. Buses released from long runs would act as high-frequency feeders to the rapid transit system.

RIDERSHIP: A WORD OF EXPLANATION

There are two methods of presenting ridership statistics. One provides the number of revenue passengers carried by the transit system, the other gives the number of "boardings." Both are important in transit reports, particularly when describing an integrated system involving various modes of travel, i.e., buses, SeaBus and SkyTrain.

A "revenue passenger" starting a journey in Surrey and travelling to Lonsdale Quay in North Vancouver would be classed as "one," but because that person "boarded" or used three types of transit to reach North Vancouver — bus, SkyTrain and SeaBus — the "boarding" statistic also has particular relevance.

During the 1986-87 fiscal year, Vancouver Regional Transit System ridership reached 116 million "revenue passengers," an increase of 18 per cent.

Total "passenger boardings" system-wide increased to 196.5 million: 159 million by bus, 32 million on SkyTrain and 5.5 million on SeaBus. As mentioned previously, however, it was an unusual year because of Expo 86.

Top: SkyTrain attendant, Ed Hanlon, assists rush-hour passengers at Granville Station. Right: Boarding #5199, the trolley-diesel conversion prototype vehicle created by Burnaby Overhaul Centre.

BUS TRANSIT

The Vancouver Regional Transit System has a fleet of 587 diesel buses and 245 trolley buses which carried 97 million riders (159 million boardings) during the year under review, through a service area encompassing 1,200 square kilometres, the largest such service area in Canada.

This fleet of trolley- and diesel buses travels 55-million kilometres a year on 150 routes throughout the region that extends from the University of B.C. in the west to Langley City in the east, White Rock on the Canada-U.S. border in the south, and Horseshoe Bay in the north.

The fleet of 245 trolley buses forms the largest such fleet in Canada, and is the second largest among the nine trolley systems in North America. Only San Francisco's is larger.

Above: Boarding the #20 Granville. Right: The #8 Davie, southbound on Granville Mall.

MAJOR CENTRES OPENED

Two new transit centres were opened during the year — Burnaby and West Vancouver.

Built on a 5.05-hectare site near the Vancouver-Burnaby boundary, the Burnaby Transit Centre is home for two major sections employing more than 400 people: Burnaby administration and operations, and the Overhaul Maintenance Garage (with a capacity to handle 1,400 buses a year) which is responsible for the long-term maintenance and repair of the Lower Mainland bus fleet.

The first buses rolled out of the Centre on November 3, 1986. The opening of the new facility meant the end of the line for the Kensington Transit Centre after 19 years of service, and Vancouver's Cambie Garage after 57 years of service.

Above: The Vancouver Police Pipe Band heralds the opening of the new $15-million Burnaby Transit Centre at an employee open house, August 19, 1986. Left: Mechanic lead hand, Dwayne Thompson, checks the tire of a West Vancouver "Blue Bus" at the newest of operating centres, the West Vancouver Transit Centre. The $3.6-million garage opened in October, 1986, for the municipality's 33 buses. It replaced the old garage at the foot of 14th Street, which was once the municipal ferry terminal, and is now designated as a heritage building.

SEABUS TRANSIT

SeaBus part-time controller mate, Art LePatourel. The joysticks in SeaBus' wheelhouse control both the speed and the direction of the vessel.

SeaBus is a unique, British Columbia-designed and built, double-ended catamaran people-only ferry travelling the 1.75 nautical miles across Burrard Inlet between downtown Vancouver and North Vancouver.

Two ships, the Burrard Beaver and the Burrard Otter, each have a capacity of 400, and with departures every 15 minutes, SeaBus provides a two-way capacity of 3,200 passengers an hour. During 1986-87, SeaBus carried three million revenue passengers and registered 5.5 million boardings.

SeaBus, as part of the Vancouver Regional Integrated Transit System, demonstrated its role as a vital communications link. SeaBus ridership prior to SkyTrain averaged 50,000 a week. When SkyTrain provided the connection at Waterfront Station in January, 1986, SeaBus ridership escalated to 80,000 a week, and during Expo 86 rose to 150,000 riders a week. Post-Expo ridership levelled out at 60,000 a week.

During Expo 86, SeaBus operated both vessels seven days a week.

Apart from Expo 86, basic ridership on SeaBus has increased because of (1) the transit integration program; and (2) considerable commercial and residential growth in the Lonsdale Quay region.

SKYTRAIN TRANSIT

SkyTrain, the Vancouver Regional Rapid Transit System, is the world's longest, completely automated rapid transit system. It was opened to the public December 11, 1985, and went into revenue service January 3, 1986, with immediate enthusiastic acceptance by the public.

During its first year in regular, fiscal service, SkyTrain saw 32 million boardings or about 16 million revenue passengers, and travelled 7.5 million "train" kilometres. During this time it serviced Expo 86, transporting, along with buses and SeaBus, 35 per cent of Expo visitors, 24 per cent more than officially predicted. During Expo, SkyTrain passengers exceeded 160,000 on some days, astounding the public, the news media and the many transit experts who came from all over the world to see the fledgling high-tech system.

The capital cost of constructing SkyTrain was $854 million. Its 21.4-kilometre route stretches from Vancouver's waterfront and downtown, through Burnaby, to New Westminster.

SkyTrain is operated by the B.C. Rapid Transit Company Ltd., a subsidiary of the Urban Transit Development Corporation, the system designer. The company operates SkyTrain for BC Transit under the terms of a two-year contract, which came into effect January 1, 1986.

SkyTrain's total workforce is slightly more than 300, and SkyTrain attendants form the largest single group. Overwhelming acceptance of SkyTrain's automated operation can be substantially attributed to the riding public's very positive reception of the SkyTrain attendants. A job with many demands — part security, part public relations, part technical trouble shooting — the SkyTrain attendants, like bus operators and SeaBus attendants, were hard pressed during Expo, but came through with flying colors.

During the year in review, SkyTrain had a considerable impact on the communities it serves. Downtown Vancouver, particularly around Waterfront Station, witnessed a positive shift as a business centre. North Vancouver, now linked to downtown Vancouver, Burnaby and New Westminster by the SkyTrain-SeaBus connection, started to record considerable development around Lonsdale Quay.

Left, top to bottom: The Honorable Rita M. Johnston is interviewed at the Surrey-extension groundbreaking ceremonies. In hardhats, left to right, are New Westminster Mayor Tom Baker, Surrey Mayor Don Ross, and Burnaby Mayor William Lewarne; the SkyTrain bridge under construction on the Fraser River; serviceperson, Don McBride (left), and contractor, John Dmet -- grinding the track.

Metrotown, in Burnaby, embarked on a half-billion dollar development, and is shaping up to be the new town centre; new offices, shopping malls, a hotel, and cinemas will all contribute to make Metrotown the second most densely populated area in the region. Since the advent of SkyTrain, New Westminster has been rejuvenated with new shops, restaurants, and a massive development at Westminster Quay with offices, townhomes, a large public market and hotels.

In order to determine the impact of SkyTrain on Lower Mainland travel habits, a survey of rapid transit riders was taken during the week of March 23 to 27, 1987. One noteworthy result suggested SkyTrain has effected a significant increase in overall transit ridership. In response to the question: "Before SkyTrain, how did you make this trip?" a total of 44 per cent said they had used other means, walked or travelled by car. Only 56 per cent said they had previously used bus transit.

In spite of the huge demands placed upon SkyTrain during 1986 in general and Expo 86 in particular, employees spent time achieving a high level of performance by removing some of the initial "bugs" that can plague any new system. Noise, generated by corrugations in the track, was reduced to well within manufacturer's specifications, by the development of a fleet of economical belt grinders.

The SkyTrain system is being extended across the Fraser River into Surrey. The $179-million extension will provide a third station in New Westminster and a station at Scott Road in Surrey. Crossing the Fraser River involves building a 616-metre cable-stayed bridge, the only one in the world totally devoted to transit use. The $28-million contract for building the 340-metre main span was awarded in mid-1986 to Kerkhoff-Hyundai Joint Venture. By BC Transit's year end (March 31, 1987), construction was well under way on the New Westminster guideway and Columbia Station (Fourth Street) and preparations for tender calls on the Surrey guideway were being made.

The extension to Scott Road will be ready for service by Christmas, 1989. The B.C. government is committed to extending SkyTrain to Surrey's commercial centre.

HANDYDART: SERVICE FOR THE DISABLED

Demands on BC Transit's door-to-door transportation service for disabled people continued to grow at a rapid rate during the 1986-87 year.

In Greater Vancouver, handyDART carried almost half a million people, a large 19.7 per cent increase over the previous year.

Visitors and residents attending Expo were partially responsible for the increase. Other factors included more people being aware of the service, and service provided to members of the Vancouver-Richmond Association for the Mentally Handicapped going to workshops.

The handyDART fleet of special vehicles continued to grow to meet the demand. The fleet was increased by seven vehicles to a base of 96. Five extra vehicles were acquired on a temporary basis for Expo, bringing the total to 101.

Hours of service during the year totalled 200,000 up by 20,000 hours or 11.2 per cent over the previous year. Expo accounted for 4,000 hours.

Productivity in the large Vancouver system — covering all areas of the Greater Vancouver Regional District — averaged 2.5 passengers per trip per hour as compared to 2.3 in the previous year.

In the City of Vancouver, handyDART services were merged and streamlined during the year under review.

Prior to June 30, 1986, city services were divided between Pacific Transit Cooperative and the Vancouver Custom Transit Society. On July 1, a contract effectively merging the two services was awarded to Pacific Transit Cooperative in order to exercise economies. This move resulted in improved productivity, and a slight decrease in the cost-per-hour service. The cost-per-user trip also showed a drop, reducing from $11.84 in 1985-86 to $11.35 in 1986-87, for the first time since the Vancouver handyDART service started.

Jackie Branick (above), and Judy Baarschers (below) — handyDART drivers with their passengers.

SAFEST YEAR IN HISTORY

Top: At the Oakridge cafeteria, Jonathan Gale (left), vice-president industrial relations, presents John Turner (centre), foreman False Creek Garage, and Rick Yelland, mechanic improver and 1986 safety committee representative, with an award recognizing 300,000 hours injury-free. The False Creek Garage has never suffered a lost-time injury. Bottom: Operator, Summer Grunewald, wearing a "First Twice in '86" button created to honor the 1986 BC Transit safety achievements that won the corporation national recognition from the Canadian Urban Transit Association.

In spite of the enormous pressures placed on BC Transit employees by Expo 86 (including both abnormally high ridership and increased traffic on the roads), 1986 was the safest year in the history of BC Transit.

There were continued improvements on all rating fronts. The number of employee injuries per million hours worked was down by nine per cent as compared to the previous year. In addition, the number of work days lost decreased by a phenomenal 15 per cent. All this made 1986 our safest year since 1973.

The number of incidents per million passengers carried was reduced by six per cent, and the number of collisions per 1.6 million kilometres operated dropped by two per cent.

These safety improvements were the best in Canada for systems operating over more than 10-million total kilometres. BC Transit was, therefore, honored with two major national safety awards at the 1987 CUTA Awards ceremony in Montreal — one for best improvement in passenger safety, the other for best improvement in employee safety.

Both training (which includes Hazard Avoidance techniques, Defensive Driving and Emergency First Aid), and improved vehicle design (including air bumpers and more stanchions), contributed to the improved traffic- and passenger-safety records. These factors, however, serve only to complement the excellent skills and safety awareness of all BC Transit personnel.

BC Transit's Loss Prevention personnel point out that safety consciousness among employees has been growing steadily over the years. In the decade ending 1986, the number of collision incidents declined by 51 per cent; passenger incidents declined by 45.6 per cent, and the number of employee injuries was reduced 26.6 per cent.

This safety performance has been reflected in various sectors including assessment ratings at the Workers' Compensation Board and fleet rates at the Insurance Corporation of B.C.

BC Transit's safety record makes it one of the safest transit properties in North America.

Machinist, George Zidek (left), of Burnaby Overhaul Centre, receives a Wise Owl Club of Canada award from George Gibbs, assistant to the executive director for the Canadian National Institute for the Blind. Zidek was presented with the award because his use of safety glasses prevented his blindness when he was machining a steel shaft on a lathe and a curl of metal flew from the shaft toward the right lens of his safety glasses, with a force sufficient to break the frames of the glasses.

THE VICTORIA REGIONAL TRANSIT SYSTEM

IMAGE & RIDERSHIP CONTINUE TO IMPROVE

The Victoria division of BC Transit is responsible for transit in the capital region of the province and maintains 45 transit agreements for bus systems in 35 communities across the province.

Increased frequency of services on several major routes, and dedication by all staff to bettering the public image, were key factors resulting in a two per cent increase in ridership in the capital region. In addition, the service scored positive publicity because of its safety and public awareness achievements.

Ridership in the Victoria Regional Transit System was 13,381,000 in 1986-87, up 2.1 per cent or 275,000 rides over the previous year.

McGruff the Crime Dog, at the Victoria Bus Roadeo, May, 1986. Top row, left to right, are Esquimalt Mayor Ken Hill; McGruff the Crime Dog; Victoria City Police Chief, Bill Snowdon, and Ferguson Beadle of the Independent Canadian Transit Union.

The fleet of 105 conventional buses operated at a total cost of $17.6 million, with farebox revenues providing $8.5 million — a 47.9 per cent cost recovery. The Greater Victoria Transit System has a large service area — 700 square kilometres with a population of 250,000.

The Victoria Regional Transit Commission, which sets routes, fares and schedules for the system, looked to improving system performance. There were no fare or tax increases during the year under review, but the frequency of buses on several major routes was increased.

Operating costs declined because of a number of important factors. These included a drop in fuel prices and increased operational and administrative efficiencies exercised by management and staff.

The year saw a number of "firsts," all focusing on transit riders.

After an absence of 20 years, the Victoria Buzzer returned to capital buses with a bright, new look, providing facts and information on buses. A second publication saw all regional timetables incorporated into one booklet, the Rider's Guide.

THE KEY WORD IS SAFETY

British Columbia Transit in Victoria operates one of the safest transit systems in North America. In 1986, vehicle involvements were kept to an amazingly low 15.1 incidents for every million miles, a major tribute to the team of 237 operators and a safety record that won the VTC the Traffic Safety Shield for 1986. One senior operator logged his 29th year of safe driving without so much as brushing a mirror.

At the Canadian Urban Transit Association's annual conference held in Montreal, Victoria Transit won first prize for the best record for industrial safety in Canada for communities of less than 300,000 population. It was the fourth consecutive year the Victoria team has earned the award.

Concern for saving lives was again reflected during the Christmas festive season when BC Transit joined forces with Counter Attack to promote the message: "Make your 'one for the road' the bus." It was part of a province-wide campaign that included posters advertising free rides for New Year's Eve, displayed in Victoria liquor stores. In addition, the important message was circulated on buses and on local radio stations. On New Year's Eve, Victoria transit buses carried 13,000 people free.

Though Expo 86 was centred in Vancouver, the exposition had an impact on Victoria transit. About 150 Victoria operators participated in the SuperHost program and furthered their knowledge of Victoria to help the many area visitors. A special brochure was printed called: "Victoria Tourist Transit Information," and proved to be immensely popular. More than 290,000 telephone calls were handled by transit information staff over the year.

SERVICE EXPANDED FOR THE DISABLED

The Victoria Regional handyDART System saw a 30 per cent increase in service for disabled people. The number of vehicles increased from 11 to 13 and ridership went up from 62,500 in 1985-86 to 82,500 in 1986-87, an increase of 32 per cent.

The increase reflects the growing number of older people in the community, and increasing awareness of handyDART services, generating more demand for travel to special programs, medical treatment or social activities.

Part of the team of VTC staff that gave the Centre a collision record dubbed "the best in the west" for 1986.

THE SMALL COMMUNITY SYSTEMS PROGRAM

YEAR MARKED 10th BIRTHDAYS & EXPANDED SERVICES

Above: BC Transit buses in Kelowna, the Okanagan's largest city. Below: December 1, 1986, Nick Loenen (centre), parliamentary secretary to The Honorable Rita M. Johnston, cuts the ribbon at the inauguration of the newest small community system — Castlegar. He was joined by representatives from Selkirk College (left) and a local seniors' group.

The year under review for operations in the Small Community Systems Program saw 10th anniversaries of service, expanded services and a province-wide involvement in the campaign against drinking and driving.

During 1986-87, conventional bus service was increased from 22 to 25 communities, handyDART, the door-to-door transportation for disabled people, was increased by one community — Prince Rupert — to 10, and Paratransit, serving rural areas and smaller communities, remained at 10.

The Small Community Systems conventional transit program has a fleet of 131 buses serving a total population in excess of half a million.

Total expenses for the Small Community Systems Program were $15.5 million, including $13.9 million for conventional service, and $1.6 million for custom and Paratransit service. Total revenue for conventional service was $3.7 million, the same as 1985-86, although ridership slipped to 6.5 million passengers, down three per cent from 1985-86. Milder weather, the municipal strike in Powell River and the impact of Expo 86 on traditional summer tourist destinations accounted for this slight decline.

Custom and Paratransit revenues increased 6.5 per cent from 1985-86 levels due to a nine per cent increase in ridership. This large ridership increase was mainly the result both of service expansion in Kamloops and the implementation of the new Prince Rupert system in July, 1986.

Service efficiencies, a lengthy work stoppage in Powell River and falling fuel prices were the prime factors that permitted the first major expansion of services in the Small Community Systems Program in more than four years.

In August, 1986, the Fraser Valley communities of Abbotsford and Matsqui saw commencement of transit services. A partnership of local municipalities and BC Transit, the system brings transit services to some 60,000 people in a region considered one of the fastest growing in the country. A highly competitive bid saw the three-year operating contract awarded to Surrey Bus Lines Ltd.

Transit service also arrived in the Central Kootenay municipality of Castlegar, which has a regional population of about 10,000. The six-

days-a-week, one-bus service, started in November. Its route includes such communities as Blueberry, Raspberry and Brilliant. The service is a partnership arrangement between BC Transit, the Regional District of Central Kootenay, and Trail Transit Services Inc.

Conventional bus service in the Okanagan community of Vernon was extended to serve residents in the North Okanagan Regional District.

In Prince Rupert, a bus service for the handicapped that was maintained by the Lions Club and in danger of disappearing, was added to the handyDART program. Service is cost-shared by the City of Prince Rupert and BC Transit.

During 1986-87, seven contracts for providing transit services in the Small Community Systems Program were open for bidding. In a highly competitive environment, a total of 20 transit operating firms entered bids for contracts. Transit operators in the Small Community Systems Program employ some 350 people.

BC Transit continued to act as a broker for bulk fuel purchases among contractors in the Small Community Systems Program in 1986-87. The grouped bid for six million litres of fuel ensured the best possible price, and reaped the benefits of declining fuel rates. Fuel is purchased on a two-year contract, with the second year subject to negotiation.

There were 10th Anniversary celebrations in Kamloops, Penticton and Maple Ridge as each community marked a decade of transit service. Local firms sponsored festivals and draws, radio stations provided exciting coverage, and there were giant birthday cakes and reduced fare days for bus riders.

The resource-based communities in the northern part of the province started to show signs of economic recovery during the year under review, and this was reflected in increased ridership in Fort St. John, Dawson Creek, Terrace and Prince George.

The BC Transit-CounterAttack Festive Season program was taken into almost all of the Small Community systems. The B.C. Restaurant and Food Services Association sponsored free buses in seven of these communities, also supported by local sponsors.

Above: "On the air" in Kamloops, Alderman Kenna Cartwright and Peter Olsen of NL Radio celebrate a decade of transit service. Below: In Nanaimo, which boasts one of the largest and oldest small community systems, a bus winds past the boat basin toward Nanaimo's best-known landmark — the Bastion.

2818

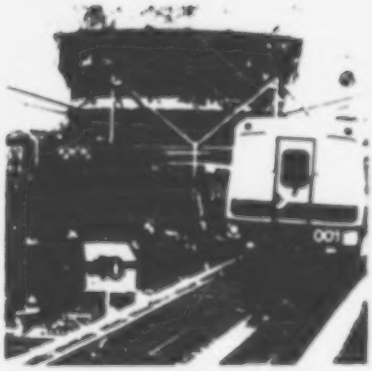
Above: SeaBus master, Sid Thrussel, in the wheelhouse. Left: From May 2 to October 13, 1986, all roads led to Expo 86. Pictured here is the #3 Robson on Granville Mall. Below: Each night when Expo 86 closed its gates, hundreds of people travelled home via SkyTrain — from Main Street Station.

BC TRANSIT WENT TO EXPO!

A KALEIDOSCOPE OF MEMORIES

When the world exposition, Expo 86, closed on October 13, 1986, some 22 million visitors from around the world had passed through its gates.

At BC Transit, some 1,800 drivers, 300 SkyTrain and SeaBus attendants, more than 100 transit supervisors who had maintained the front line, plus mechanics, service staff, schedulers, security and farebox attendants, all breathed a sigh of relief. A transit operation that had virtually worked round-the-clock for five months, could return to normal service. Expo 86 was a kaleidoscope of memories.



SkyTrain formed an integral transportation link for visitors to the world exposition.

The Vancouver Regional Transit System provided some 15 million extra rides, and 115,000 hours of additional service during Expo.

SkyTrain passengers who, during the system's first four months of operation, had numbered 1.5- to 1.8-million a month, suddenly escalated to three million a month. SkyTrain also linked the two Expo sites with a service named "Expo Shuttle." Two four-car trains, specially assigned to the world exposition, carried 6.6 million riders in the five months of Expo. This feat alone demonstrated the high-tech versatility of SkyTrain: two separate services (general revenue and the Expo Shuttle) with a combined headway (train frequency) of less than two minutes, used the Stadium to Waterfront section of the rapid transit system.

But it was the people — the transit employees — who really performed. "When Expo closed down after the 10:30 p.m. fireworks each night, that's when our work really started," said many a driver. "We had to get people home." It was crush loading on many buses throughout the system. Most nights passengers would happily stand on buses going to White Rock, Delta, or Maple Ridge. Normally, the last bus in Surrey is back in the garage by 2 a.m. During Expo, some drivers and buses were still out at 4 a.m. They got back just as first shift employees were checking in.

Many drivers, perhaps helped by BC Tourism's SuperHost counselling, got the Expo spirit and it showed. Apart from acting as travelling information centres, some drivers gave running commentaries for the enlightenment and entertainment of visitors.

One visitor from a Holland America Line cruiseship wrote: "Imagine our delight to discover a bus driver, one John Thompson, who was friendly, courteous, and knew everything about Vancouver and Expo 86. He could tell us historic events, places to stop, buses to take...and he did it all with a great deal of enthusiasm."

Many letters arrived in praise of employees. There was the driver who found a man's wallet and dashed after him. A grateful couple wrote: "Everyone's vacation nightmare fortunately didn't have to come true for us because of the honesty and integrity of your driver. Your drivers are doing an excellent job!"

A visitor from Los Angeles who travelled extensively on transit while visiting Expo wrote: "We used your BC Transit every day from White Rock and found it great. It is a system that we should be studying here in Los Angeles."

A Port Alberni visitor wrote: "Hats Off to all personnel and a big Thank You." A North Vancouver bed and breakfast operator said: "We have had many guests from all over the U.S. and Canada. We have had fabulous compliments on the courteousness of the bus drivers, the excellent bus schedules and connections."

When a group of visitors from an RV Park got lost outside SkyTrain's 22nd Street station, a bus driver took them home! The stories of good happenings emanating from the action of all transit employees, whether on buses, SeaBus or SkyTrain, were endless.

Even BC Transit's chairman got involved in front-line action. Personally inspecting the large people-moving operations at Surrey's Scott Road Park & Ride, he found a visitor stuck with a $20 American bill. "Hop in my car," said the chairman, and drove the man to New Westminster where he could get Canadian money.

SkyTrain attendants also played critical public relations roles. People visiting the Lower Mainland, frequently became separated in the SkyTrain crowds. Attendants used their portable radios to call other stations to help reunite families and friends. Little children getting separated from parents happened on a daily basis, but such incidents always had happy endings.

One day, the entire SkyTrain staff, plus bus drivers and supervisors between New Westminster and Surrey, were engaged in searching for an elderly man who was suffering from Alzheimer's disease. SkyTrain attendants' safety and first aid training paid off many times when visitors, many of them elderly, suffered exhaustion spells and needed help. Two visitors suffered heart-attacks and SkyTrain staff responded in true textbook style — quickly and efficiently.

Credit for the success of BC Transit at Expo must also be shared by those who kept the buses, SeaBuses and SkyTrains in good repair. Employees handled the world exposition without any additional expansion to the bus or trolley fleets.

Counting fare revenue normally involves 57 people working seven-and-one-half-hour days, six days a week. During Expo, the number of fare attendants rose to 100 and the Counting House operated seven days a week, 20 hours a day. A special crew maintained a constant patrol of fareboxes and ticket machines.

Peter Fanning — one of dozens of operators who welcomed thousands of visitors to Expo 86.

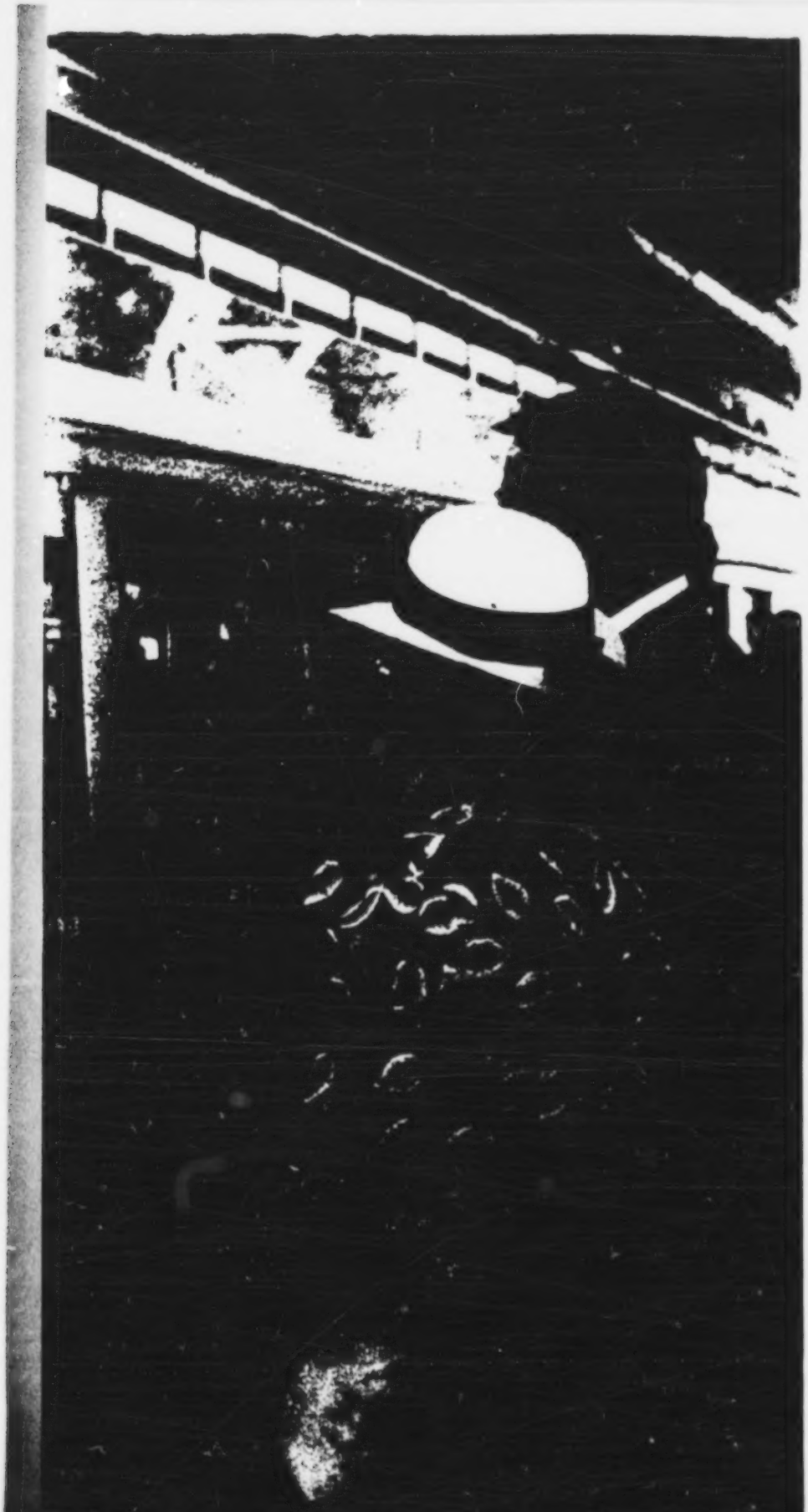
SPECIAL VISITORS

The most photographed transit riders during Expo were Their Royal Highnesses The Prince and Princess of Wales. They rode SkyTrain from Waterfront Station in Vancouver to Patterson Station in Burnaby, and later returned on SkyTrain to visit the main Expo site. A plaque mounted inside rapid transit car #014 commemorates the event.

Expo 86 brought to B.C. many other special visitors with an interest in transit in general, and the new SkyTrain system in particular.

A Special Programs Centre operated at Stadium Station where information staff and specialists showed the transit system to many national and international journalists, magazine writers, government ministers, senators, governors, transit specialists, engineers, and others.

Special guests who received SkyTrain tours and briefings included HRH Prince Albert of Belgium, the Crown Prince of Thailand, the British Parliamentary Undersecretary of State, Peter Bottomley, and the Deputy Prime Minister of Hungary.

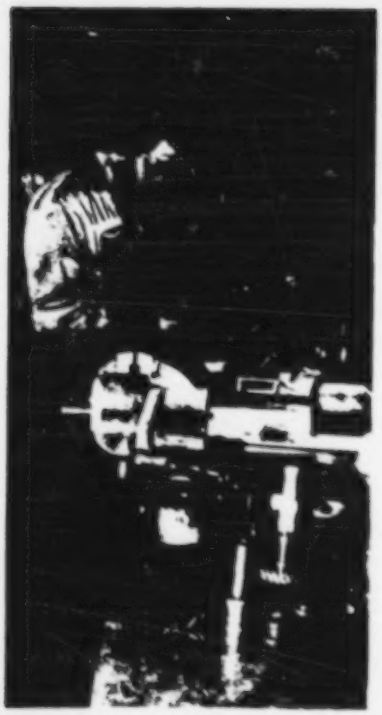


Their Royal Highnesses The Prince and Princess of Wales are greeted by then-Minister of Consumer and Corporate Affairs and Member of the Legislative Assembly for Burnaby-Willingdon, Elwood Veitch and Mrs. Veitch, upon arrival at Patterson Station.

BC TRANSIT PROGRAMS

CONVENTIONAL BUS SERVICE

Vancouver Region
Victoria Region
Campbell River
Nanaimo
Port Alberni
Powell River
Maple Ridge
Mission
Chilliwack
Langley
Nelson
Kootenay-Boundary (Trail region)
Penticton
Vernon-Coldstream
Kelowna-Central Okanagan
Kamloops
Prince George
Dawson Creek
Fort St. John-Terrace
Kitimat
Prince Rupert
Central Kootenay (Castlegar region)
Abbotsford-Matsqui



HANDYDART

(door to door transportation for disabled people)
Vancouver Region
Victoria Region
Maple Ridge
Abbotsford-Matsqui
Kelowna
Kamloops
Prince George
Vernon and Area
Penticton
Alberni-Clayoquot (Port Alberni and Area)
Prince Rupert

PARATRANSIT

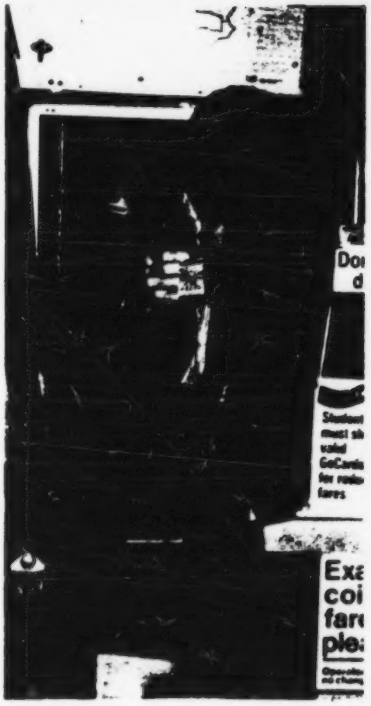
(rural areas and smaller communities)
Comox
Cranbrook
Central Kootenay (Nelson)
Kimberley
Okanagan-Similkameen (Penticton to Naramata)
Princeton
Quesnel
Summerland
Sunshine Coast
Williams Lake

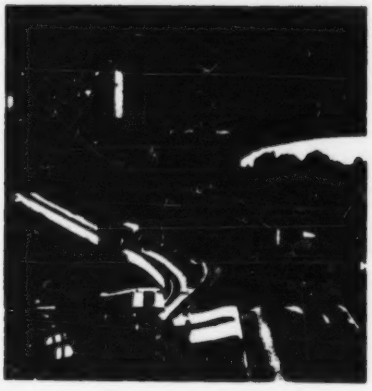
Above: Paratransit service in Naramata. Left: Apprentice mechanic, Bob Williamson, BTC Overhaul Centre.

BC TRANSIT FLEET

VANCOUVER

Diesel buses 587
Electric trolley buses 245
Rapid transit cars 114
SeaBus ferries 2





Clockwise from left: SeaBus marine attendant, Don Hutchinson, at the console; Douglas Street, Victoria; SkyTrain, Vancouver; operator, Wilf Armstrong.

VICTORIA

Diesel buses 105

SMALL COMMUNITIES

Diesel buses 131

HANDYDART

Vancouver ..... 96 vans
Victoria ..... 13 vans
Small Community Systems ..... 30 vans

PARATRANSIT ..... 12 vans

FINANCIAL SUMMARY

Total expenditures for the fiscal year ending March 31, 1987 were $352.4 million compared to $197.6 million last year. Costs for the Vancouver Regional Transit System represented $270.8 million of these total expenditures, an increase of $113.9 million from last year as a result of the start up of the SkyTrain operations and the cost of providing extra service during Expo 86. Expenditures in the Victoria and Small Community operations remained relatively stable at $18.4 million and $15.5 million, respectively.

The commencement of SkyTrain operations significantly impacts the operating statement for BC Transit. Prior to 1986-87, construction costs and related interest charges for SkyTrain were capitalized and shown on the balance sheet as work in progress. Beginning with the 1986-87 fiscal year, those SkyTrain capital costs are being amortized over the useful lives of the assets, resulting in an increase in depreciation and amortization of $10.3 million and interest charges of $57.9 million. In addition, costs associated with the operations and maintenance of SkyTrain impacted the operating statements for the first time and amounted to $30.1 million.

The cost of providing extra service during Expo 86 amounted to $9.7 million. This largely represents the cost of additional drivers and maintenance staff and additional fuel and servicing costs on the existing fleet.

Fare revenues for 1986-87 totalled $121.3 million compared to $88.3 million for the previous year. The increase of $33 million is due to increased ridership during Expo 86 and additional ridership generated by the introduction of SkyTrain service.

The increase in total expenditures translated into higher contributions from the provincial government and the municipal authorities — in particular, the Vancouver Regional Transit Commission, whose contribution increased by $30.2 million to $57.0 million for 1986-87.

The provincial government also provided $44 million in debt servicing assistance. Of this amount, $38.9 million related to servicing $275 million in debt which represents the province's 50 per cent share of the SkyTrain guideway capital costs. The remainder represents foregone interest on a $55-million loan from the province made in 1982 as part of the initial funding of SkyTrain capital costs.

BRITISH COLUMBIA TRANSIT AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Members of the Board of
Directors of
British Columbia Transit

We have examined the consolidated balance sheet of British Columbia Transit as at March 31, 1987, and the consolidated statements of revenue and expenditures and accumulated net revenue, contributed surplus and changes in financial position, and the statement of changes in regional transit funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of British Columbia Transit as at March 31, 1987, and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 2 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

THORNE ERNST & WHINNEY
Chartered Accountants
May 29, 1987

CONSOLIDATED BALANCE SHEET

	March 31 1987 ($000)	March 31 1986 ($000)
ASSETS		
CURRENT ASSETS		
Accounts receivable		
Province of British Columbia	$ 9,119	$ 6,832
Municipalities	20,132	9,667
Sundry	6,630	5,425
Mortgage receivable	2,381	-
Parts inventory	10,549	9,729
Prepaid expenditures	3,149	2,657
	51,960	34,310
10% MORTGAGE RECEIVABLE, due March 31, 1989	700	700
LONG-TERM DEBT SINKING FUND	20,645	11,961
FIXED ASSETS		
Land, buildings and equipment (note 4)	236,396	226,093
SkyTrain (notes 5 and 10)	999,352	1,015,960
Capital projects in progress (note 6)	54,140	35,905
	1,289,888	1,277,958
	$1,363,193	$1,324,929
REGIONAL TRANSIT FUNDS		
Cash and term deposits	$ 26,332	$ 11,219
Accounts receivable and accrued interest	2,247	2,268
	$ 28,579	$ 13,487

APPROVED BY THE BOARD:

Director

Director

	March 31 1987 ($000)	1986 ($000) (note 3)
LIABILITIES, EQUITY AND FUND BALANCES		
CURRENT LIABILITIES		
Cheques issued in excess of funds on deposit	$ 4,680	$ 1,739
Accounts payable and accrued liabilities	57,107	92,555
Payable to contractors	2,559	1,606
Notes payable (note 7)	378,028	393,803
Current portion of long-term debt	9,259	7,138
Current obligations under capital leases	5,666	4,902
	457,299	501,743
LONG-TERM DEBT (note 8)	514,095	424,485
OBLIGATIONS UNDER CAPITAL LEASES (note 9)	177,095	183,485
DEFERRED REVENUE	-	1,253
EQUITY		
Contributed surplus	212,444	211,780
Accumulated net revenue	2,260	2,183
	214,704	213,963
	$1,363,193	$1,324,929
CONTINGENT LIABILITIES (note 10)		
Payable to British Columbia Transit	$ 18,443	$ 6,874
Fund balances	10,136	6,613
	$ 28,579	$ 13,487

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES AND ACCUMULATED NET REVENUE

	Year ended March 31	
	1987 ($000)	1986 ($000) (note 3)
Revenue		
Operations	$121,308	$ 88,335
Interest	1,575	-
	122,883	88,335
Expenditures		
Operations and maintenance	188,821	151,265
Administration	28,280	27,256
Interest on long-term debt	55,666	2,967
Interest on obligations under capital leases	18,772	7,336
Other interest	33,061	-
Depreciation and amortization	22,634	5,695
Property leases and taxes	5,116	3,108
	352,350	197,627
	(229,467)	(109,292)
Recoveries		
Contributions from the Province of British Columbia	119,530	72,781
Contributions from municipalities	63,891	34,369
Provincial grant -- debt servicing assistance	43,958	-
Amortization of contributed surplus to offset depreciation charged on contributed assets	2,088	2,142
	229,467	109,292
NET REVENUE FROM TRANSIT OPERATIONS	-	-
Other		
Write-down of fixed assets to estimated net recoverable value	-	(2,979)
Realization of contributed surplus on disposal of contributed assets	2,433	170
Loss on disposal of fixed assets	(2,195)	(170)
Interest	-	875
Miscellaneous	(161)	673
	77	(1,431)
NET REVENUE (EXPENDITURES)	77	(1,431)
Accumulated net revenue at beginning of year		
As previously reported	4,468	3,614
Change in financial statement presentation (note 3)	(2,285)	-
As restated	2,183	3,614
ACCUMULATED NET REVENUE AT END OF YEAR	$ 2,260	$ 2,183

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS (note 3)

	Year ended March 31	
	1987	1986
	($000)	($000)
APPRAISAL INCREASE CREDITS		
Balance at beginning of year	$209,494	$217,452
Grant from the Province of British Columbia, being equal to interest on the $55,000,000 loan payable to the Province	-	5,500
Amount transferred to statement of revenue and expenditures and accumulated net revenue to offset depreciation charged on contributed assets	(2,088)	(2,142)
Reduction on reappraisal of contributed assets	-	(8,865)
Reduction on disposition of contributed assets	(10,682)	(2,450)
	196,724	209,495
OTHER CONTRIBUTED SURPLUS		
Balance at beginning of year	2,285	-
Increase on disposition of contributed assets	13,435	2,285
Provincial grants -- debt servicing assistance of $43,958 (1986, nil) net of amount transferred to consolidated statement of revenue and expenditures and accumulated net revenue of $43,958 (1986, nil)	-	-
	15,720	2,285
BALANCE AT END OF YEAR	$212,444	$211,780

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended March 31	
	1987 ($000)	1986 ($000) (note 3)
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net revenue (expenditures)	$ 77	$ (1,431)
Items not involving cash		
Depreciation and amortization	22,634	5,695
Amortization of bond discount	634	633
Write-downs to estimated net recoverable value	-	2,979
Amortization of contributed surplus to offset depreciation charged on contributed assets	(2,088)	(2,142)
Realization of contributed surplus on disposal of contributed assets	(2,433)	(170)
Loss on disposal of fixed assets	2,195	170
	21,019	5,734
Changes in non-cash operating working capital		
Accounts receivable	(13,957)	9,036
Parts inventory	(820)	(1,124)
Prepaid expenditures	(492)	(687)
Accounts payable and accrued liabilities	(34,495)	(2,301)
Deferred revenue	(1,253)	(929)
	(29,998)	9,729
FINANCING		
Proceeds on capital leases of vehicles and equipment	-	90,947
Principal repayments on obligations under capital leases	(5,626)	(2,291)
Increase (decrease) in		
Notes payable	(15,775)	148,580
Long-term debt	91,097	67,402
Long-term debt sinking fund	(8,684)	(7,676)
Increase in mortgage receivable	(2,381)	-
	58,631	296,962
INVESTMENTS		
Proceeds from sale of fixed assets	13,697	1,989
Additions to		
Land, buildings and equipment	(9,133)	(9,407)
SkyTrain	-	(275,146)
Capital projects in progress	(36,138)	(24,241)
	(31,574)	(306,805)
INCREASE IN CASH DEFICIENCY	2,941	114
Cash deficiency at beginning of year	1,739	1,625
CASH DEFICIENCY AT END OF YEAR	$ 4,680	$ 1,739

STATEMENT OF CHANGES IN REGIONAL TRANSIT FUNDS

	Vancouver ($000)	Victoria ($000)	Total Year ended March 31 1987 ($000)	1986 ($000)
FUND BALANCE AT BEGINNING OF YEAR	$ 5,263	$1,350	$ 6,613	$ 1,320
Revenue				
Gas tax	14,651	-	14,651	14,144
Non-residential property tax	28,759	-	28,759	8,089
Power levy	14,410	3,689	18,099	12,319
Interest earned	1,946	170	2,116	968
	59,766	3,859	63,625	35,520
	65,029	5,209	70,238	36,840
Contribution to shareable deficit	(57,199)	(2,903)	(60,102)	(30,227)
FUND BALANCE AT END OF YEAR	$ 7,830	$2,306	$10,136	$ 6,613

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 1987

1. STATUS OF AUTHORITY

The Urban Transit Authority of British Columbia was created by the Province of British Columbia on June 29, 1978 under the Urban Transit Authority Act. The majority of the sections of the Act were brought into force by proclamation on July 20, 1978. During 1982 the title of the Act and the name of the Authority were changed to the British Columbia Transit Act and British Columbia Transit respectively. Effective June 1, 1985, the British Columbia Transit Amendment Act (No. 2), 1985 merged the Metro Transit Operating Company with British Columbia Transit. Pursuant to this Act, the Authority assumed all property, rights, debts and obligations as well as responsibility for all employees of Metro Transit Operating Company.

In accordance with the Vancouver and Victoria regional transit commission regulations, the Authority is responsible for the administration of all funds raised by certain tax levies. The financial position and changes during the year in these funds are set out in the Statement of Changes in Regional Transit Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with accounting principles appropriate for British Columbia Transit. These principles are in conformity with generally accepted accounting principles appropriate for commercial enterprises, with the exceptions identified in notes 2(c) and (f).

(a) Basis of presentation

These financial statements include the accounts of British Columbia Transit and its wholly-owned subsidiary, B.C. Transit Investments Ltd., and the SkyTrain Trust. No provision has been made for the minority interest in the SkyTrain Trust as the amount is not material.

(b) Parts inventory

Parts inventory is valued at the lower of cost and replacement value. Cost is determined using the average cost method. Certain parts inventory was acquired by the Metro Transit Operating Company from B.C. Hydro in 1980 at a nominal cost. At the time of their acquisition, this inventory was valued at their average cost to B.C. Hydro with the difference being credited to contributed surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed assets

Fixed assets have been recorded as follows:

(i) Fixed assets transferred from the Province of British Columbia in fiscal year 1980, at their appraised value at June 30, 1979.

(ii) Revenue vehicles acquired from B.C. Hydro pursuant to the Metro Transit Operating Company Act, at their appraised value at March 1, 1980.

(iii) SeaBuses, the South Shore and North Shore SeaBus Terminals, acquired from the Province of British Columbia, at appraised value. The appraisal of the SeaBuses and the South Shore SeaBus Terminal was at July 15, 1980. The appraisal of the North Shore SeaBus Terminal land was at April 1, 1981 and the buildings and improvements were at June 30, 1981.

(iv) The trolley overhead system acquired from B.C. Hydro on January 1, 1984 at its nominal value of $1.

(v) Land, land improvements, buildings and equipment acquired from B.C. Hydro pursuant to the Metro Transit Operating Company Act, at appraised value. These appraisals were carried out at various dates between April 1, 1980 and April 1, 1982.

All appraisals are fair market value appraisals with the exception of the appraisal of other buildings and land improvements, which are appraised at depreciated replacement cost.

(vi) All construction and testing costs related to the SkyTrain have been capitalized. These costs include net interest expenditures as indicated in note 2(d), the costs incurred in testing the service reliability of the Vancouver/New Westminster phase of the SkyTrain system to March 31, 1986 and the remaining estimated net costs relating to this phase of the system.

(vii) All other fixed assets, at cost, including capitalized interest as indicated in note 2(d).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed assets (Continued)

(viii) Depreciation and amortization are provided on the basis which results in a matching of these charges with the Authority's statutory power to recover the costs of the related assets through lease fees. All assets are depreciated over their estimated remaining useful lives.

(d) Capitalization of interest

Interest, incurred in connection with capital acquisitions from the date of advance of funds until the assets are placed in service for transit purposes, is capitalized. Interest of $3,276,000 was capitalized during the year ended March 31, 1987.

(e) Amortization of bond discounts

Bond discounts are amortized on a straight-line basis over the term of the debt.

(f) Amortization of contributed surplus

Contributed surplus (appraisal increase credits) is being amortized and reflected in net revenue at an amount equal to the depreciation charged on those assets for which the Authority does not have statutory power to obtain full recovery from operations.

3. CHANGE IN FINANCIAL STATEMENT PRESENTATION

In prior years the Authority segregated its assets, liabilities, revenues and expenditures into Asset Division and Operating Division. This form of presentation has been discontinued on a retroactive basis.

In connection with this change in financial statement presentation the Authority has redefined contributed surplus into two components: appraisal increase credits -- representing the unamortized excess of recorded value of fixed assets over cost; and other contributed surplus -- representing the value of all other contributions made to the Authority.

Due to this change in financial statement presentation, net revenue and accumulated net revenue have decreased and contributed surplus has increased by $2,285,000 from amounts previously reported for 1986.

This change did not affect any amounts recorded in the regional transit funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. LAND, BUILDINGS AND EQUIPMENT

	1987			1986
	Carrying value ($000)	Accumulated depreciation and amortization ($000)	Net ($000)	Net ($000)
Land	$ 51,204	-	$ 51,204	$ 59,180
Land improvements	13,728	$ 577	13,151	7,918
Buildings	59,533	2,866	56,667	45,026
Revenue vehicles	55,871	18,630	37,241	38,937
Revenue vehicles under capital leases	77,002	8,156	68,846	71,758
Equipment	9,989	702	9,287	3,274
	$267,327	$30,931	$236,396	$226,093

5. SKYTRAIN

	1987 ($000)	1986 ($000)
Vehicles under capital lease	$ 125,109	$ 125,109
Trackwork and equipment	116,401	116,401
Construction		
Guideway	182,364	182,364
Stations	62,431	62,431
System wide	94,835	94,835
Property and rights-of-way	37,976	37,976
Design engineering and administration	202,461	202,461
Pre-build demonstration	3,275	3,275
Testing and commissioning	29,533	29,533
	854,385	854,385
Net interest expense	161,575	161,575
	1,015,960	1,015,960
Less accumulated depreciation and amortization	16,608	-
	$ 999,352	$1,015,960

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. CAPITAL PROJECTS IN PROGRESS

	1987 ($000)	1986 ($000)
Surrey extension	$48,018	$20,594
Surrey extension net interest expense	3,906	1,113
	51,924	21,707
Other	2,216	14,198
	$54,140	$35,905

7. NOTES PAYABLE

	1987 ($000)	1986 ($000)
Commercial paper with the Province of British Columbia	$378,028	$344,803
Notes payable	-	49,000
	$378,028	$393,803

In April and May, 1987, commercial paper aggregating $84,341,000 was repaid with the proceeds from debentures payable in 2007.

8. LONG-TERM DEBT

	1987 ($000)	1986 ($000)
Prime less .75% loan payable, Province of British Columbia, interest waived as a grant from the Province, principal due on completion of the long-term SkyTrain financing	$ 49,000	$ 55,000
15.54% Debenture, interest payable semi-annually, sinking fund instalments of $378,127 payable annually, due September 10, 2002	17,304	17,304
11.53% Debenture, interest payable semi-annually, sinking fund instalments of $551,348 payable annually, due May 10, 2003	25,231	25,231
11.37% Debenture, interest payable semi-annually, sinking fund instalments of $152,964 payable annually, due July 8, 2003	7,000	7,000
11.51% Debenture, interest payable semi-annually, sinking fund instalments of $164,130 payable annually, due August 10, 2003	7,511	7,511
Carried forward	106,046	112,046

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (continued)

	1987 ($000)	1986 ($000)
Brought forward	$106,046	$112,046
11.65% Debenture, interest payable semi-annually, sinking fund instalments of $218,520 payable annually, due November 10, 2003	10,000	10,000
12.60% Debenture, interest payable semi-annually, sinking fund instalments of $700,859 payable annually, due April 2, 2004	32,073	32,073
13.48% Debenture, interest payable semi-annually, sinking fund instalments of $1,295,649 payable annually, due May 10, 2004	59,292	59,292
13.70% Debenture, interest payable semi-annually, sinking fund instalments of $1,155,337 payable annually, due June 8, 2004	52,871	52,871
12.57% Debenture, interest payable semi-annually, sinking fund instalment of $142,009 payable annually, due April 10, 2005	36,790	36,790
12.15% Debenture, interest payable semi-annually, sinking fund instalment of $195,362 payable annually, due May 10, 2005	50,612	50,612
11.125% Bond payable, interest payable annually, sinking fund instalments of $1,841,450 payable annually, due December 1, 1998	50,000	50,000
8.75% Bond payable, interest payable annually, sinking fund instalments of $341,950 payable annually, due January 15, 2009	25,000	25,000
9.5% Debenture, interest payable semi-annually, sinking fund instalment of $141,098 payable annually, due August 8, 2006	6,457	-
9.54% Debenture, interest payable semi-annually, sinking fund instalment of $687,726 payable annually, due September 10, 2006	31,472	-
9.36% Debenture, interest payable semi-annually, sinking fund instalment of $248,916 payable annually, due October 10, 2006	11,391	-
9.64% Debenture, interest payable semi-annually, sinking fund instalment of $415,734 payable annually, due November 10, 2006	19,025	-
9.04% Debenture, interest payable semi-annually, sinking fund instalment of $628,289 payable annually, due November 10, 2006	28,752	-
	519,781	428,684
Less unamortized bond discount	10,427	11,061
Carried forward	509,354	417,623

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

	1987 ($000)	1986 ($000)
Brought forward	$509,354	$417,623
12.25% Serial debenture, interest payable annually, principal repayments of $1,400,000 payable annually commencing January 31, 1991, with a final payment of $7,000,000 due January 31, 1996	14,000	14,000
	523,354	431,623
Less current portion	9,259	7,138
	$514,095	$424,485

Long-term debt totalling $484,781,000 is guaranteed by the Province of British Columbia.

During the year the Authority entered into an agreement whereby the Province of British Columbia agreed to make principal and interest payments on $275 million of the long-term debt, representing approximately 50% of the SkyTrain guideway and station construction cost. These payments aggregated $38,927,000 during 1987.

Sinking fund payments due in each of the next five years are approximately as follows ($000):

1988	$ 9,259
1989	9,259
1990	9,259
1991	10,659
1992	10,659

9. OBLIGATIONS UNDER CAPITAL LEASES

The obligations under capital leases, which mature at various dates from 1993 to 2006, represent the total present value of future minimum lease payments discounted at the interest rates implicit in the leases at the commencement of the lease term. These rates vary with prime and during the year ranged from 7.1% to 12.4%.

Obligations under capital leases totalling approximately $175,412,000 are guaranteed by the Province of British Columbia.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. OBLIGATIONS UNDER CAPITAL LEASES (Continued)

The following is a schedule by year of approximate future minimum lease payments together with the balance of the obligations under capital leases as of March 31, 1987 ($000):

1987	$ 22,854
1988	22,854
1989	22,854
1990	22,854
1991	22,854
1992 - 2006	227,484
	341,754
Less amounts representing interest	158,993
Balance of obligations	$182,761

10. CONTINGENT LIABILITIES

British Columbia Transit is disagreeing with the supplier of the SkyTrain system on the interpretation of certain clauses of the purchase agreement. There are also a number of sub-contractor claims which have not yet been settled. The outcome of the negotiations relating to these matters cannot presently be determined. They will be reflected in the accounts in the period of settlement.

11. COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified to conform with the presentation adopted in the current year.